



BellSouth Telecommunications, Inc.

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EXECUTIVE SECRETARY

VIA HAND DELIVERY

David Waddell, Executive Secretary
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, TN 37238

Re: *Complaint of BellSouth Telecommunications, Inc. Regarding the Practices of VarTec Telecom, Inc., d/b/a VarTec Telecom and Clear Choice Communications Company, in the Reporting of Percent Interstate Usage for Compensation for Jurisdictional Access Services*
Docket No. 01-00906

Dear Mr. Waddell:

Enclosed are the original and thirteen copies of BellSouth's Complaint in the referenced matter. A copy is being provided to VarTec.

Cordially,

Joelle Phillips

JJP:ch

BEFORE THE TENNESSEE REGULATORY AUTHORITY
Nashville, Tennessee

In re: *Complaint of BellSouth Telecommunications, Inc. Regarding the Practices of VarTec Telecom, Inc., d/b/a VarTec Telecom and Clear Choice Communications Company, in the Reporting of Percent Interstate Usage for Compensation for Jurisdictional Access Services*

Docket No. _____

COMPLAINT

BellSouth Telecommunications, Inc. ("BellSouth"), through its undersigned counsel, hereby files this Complaint against VarTec Telecom, Inc. d/b/a VarTec Telecom and Clear Choice Communications ("VarTec") pursuant to the Tennessee Code, Title 65, Chapter 4 and Rule 1220-1-2-.09 of the Tennessee Regulatory Authority ("Authority").

In support of its Complaint, BellSouth avers the following:

1. BellSouth provides local exchange telecommunications services in various states, including Alabama, Florida, Kentucky, North Carolina, Mississippi, South Carolina and Tennessee.
2. VarTec is an interexchange telecommunications company that provides intrastate and interstate interLATA long-distance service to customers in various states, including Tennessee. VarTec's business address, according to Authority records, is VarTec, 1600 Viceroy Drive, Dallas, Texas 75235.
3. Interexchange companies, such as VarTec, use the networks of local exchange companies, such as BellSouth, in order to access their customers. A typical interLATA long-distance telephone call originates on one local exchange

company's network, passes through another interexchange company's facilities (one or more) and then terminates on the network of a local exchange company (which may be the same company on whose network the call originated). Using local exchange companies' facilities to complete interLATA long-distance telephone calls is referred to as "access."

4. Local exchange companies charge interexchange companies for certain access services on a per-minute-of-use basis. These charges are referred to as "access charges." Interexchange companies pay access charges both to the local exchange company on whose network the call originated ("originating access charges") and to the local exchange company on whose network the call terminated ("terminating access charges").

5. The rates that BellSouth charges VarTec for the access services described above vary according to whether, for each particular call, the access service is used to complete an intrastate long-distance telephone call or an interstate long-distance call. An intrastate call is one that originates and terminates within the same state. See § 2.3.14A.1.a of BellSouth's Tennessee Access Services Tariff. The rate for an intrastate long-distance call is set by BellSouth's tariffs on file with and approved by the Authority. The rate for an interstate long-distance call is set by BellSouth's tariffs on file with and approved by the Federal Communications Commission ("FCC"). Historically there has been a difference between the intrastate access charges and interstate access charges.

6. The monthly charge for interstate access services that BellSouth provides to VarTec and similar interexchange companies is calculated by (1) determining the total monthly usage (in minutes) attributable to that company; (2) determining the percentage of interstate use ("PIU"); (3) multiplying the total monthly usage from (1) by the PIU from (2); and (4) multiplying that figure from (3) by the applicable interstate rate. The monthly charge for intrastate access services is determined by multiplying the total monthly usage from (1) by the intrastate usage (100% minus PIU from (2)), and then multiplying that figure by the applicable intrastate rate. The total monthly charge for access services is determined by adding the interstate and intrastate charges together.

7. BellSouth can determine the total monthly usage (in minutes) attributable to a company. BellSouth can also determine the originating PIU ("OPIU") because it is able to track which calls originate on its network. However, until recently, Bellsouth could not, through its own equipment, determine the terminating PIU ("TPIU") for an interexchange company. Instead, the individual interexchange companies, such as VarTec, had to report their TPIU to BellSouth. This reporting requirement is set forth in Sections E2.3.14(A) and (B) of BellSouth's Tennessee Access Services Tariff, which is on file with, and has been approved by, the Authority. In calculating the amounts due and owing from VarTec and other interexchange companies for the terminating access services they purchased, BellSouth relied on each company's integrity and the accuracy of their reports.

8. Because the rates for interstate usage were historically lower than the rates for intrastate usage, an interexchange company can dramatically reduce its cost of doing business by overstating its PIU to BellSouth. This has the effect of overstating the percentage of calls that are subject to the lower interstate rates and understating the percentage of calls that are subject to the higher intrastate rates. In other words, if 50% of the calls that an interexchange company completes are interstate, but that company reports that 100% of its calls are interstate, the access charge that the interexchange company must pay BellSouth is drastically reduced.

9. Recently, BellSouth installed a new computer system, the Agilent system, which permits BellSouth to determine TPIU for each interexchange company accurately.

10. Because, (as VarTec's own PIU reports verify), TPIUs do not vary dramatically overtime, BellSouth was able to employ the TPIUs determined by the new computer system to verify the accuracy of the TPIU previously reported to BellSouth by VarTec for prior time periods.

11. After reviewing VarTec's call-activity records for the period from 1994 to 2000, BellSouth determined that VarTec had misreported its TPIU for that period. As a result of the misreported TPIU, VarTec paid lower intrastate access charges than it should have.

12. Based on VarTec's misreported TPIU, BellSouth underbilled VarTec \$600,832.00 for the period between 1994 and 2000 with respect to terminating

access service provided in Tennessee. When applicable late-payment charges are added, the total amount that VarTec owes BellSouth for Tennessee is \$1,052,038.00.

13. BellSouth transmitted the results of the TPIU review to VarTec and made formal written demand upon VarTec for payment of the amounts determined to be due and owing as a result of the review.

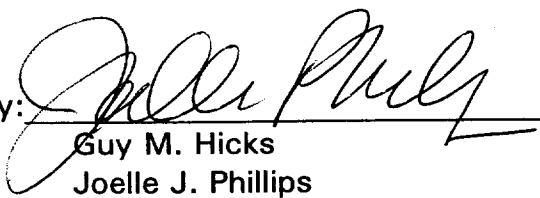
14. Despite amicable demand, VarTec has failed and refused to pay the charges due and owing to BellSouth.

WHEREFORE, BellSouth Telecommunications, Inc., prays that, after due proceedings, there be judgment herein in its favor and against, VarTec, as follows:

1. Ordering VarTec to pay to BellSouth all sums due and owing to BellSouth for access services during the period between 1994 and 2000;
2. Ordering VarTec to pay all applicable late-payment charges; and
3. For all other relief deemed appropriate under the law.

Respectfully submitted,

BELLSOUTH TELECOMMUNICATIONS, INC.

By: 
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CERTIFICATE OF SERVICE

I hereby certify that on October 18, 2001, a copy of the foregoing document was served on the parties of record, via the method indicated:

- ☐ Hand
- ☒ Mail (Certified/Return Receipt)
- ☐ Facsimile
- ☐ Overnight

Vartec
Attn: Legal Department
1600 Viceroy Drive
Dallas, TX 75235

A handwritten signature in cursive script, appearing to read "Julie Phelps", is written over a horizontal line.